

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 L-03 H-03 SS-20 NSC-10 PRS-01 ABF-01

STR-08 AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

OMB-01 FCSC-01 DRC-01 /143 W

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R 141145Z JAN 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5622

C O N F I D E N T I A L PRAGUE 71

E.O. 11652: GDS

TAGS: PFOR, EFIN, CZ, L/C

SUBJECT: CLAIMS NEGOTIATIONS--PAYMENTS AND MFN

REF: PRAGUE 70

1. IN INFORMAL DISCUSSION FOLLOWING JANUARY 11 SESSION, CZECH DEL CHAIRMAN ZANTOVSKY REITERATED STATEMENT THAT QUESTION OF ASSURANCE AGAINST CONTINUATION OF PAYMENTS UNDER CLAIMS AGREEMENT IN ABSENCE OF MFN IS IMPORTANT ONE FOR CZECHS. HE SAID THAT DRAFT HE HAD HANDED OVER WAS EXPRESSION OF CZECH IDEA OF SOLUTION WHICH WE COULD DISCUSS. HE REFERRED TO PROVISIONS OF US-HUNGARIAN AGREEMENT (OF WHICH CZECHS HAVE LONG BEEN AWARE) AND SAID THAT PEOPLE IN FINANCE AND FOREIGN TRADE MINISTRIES ARE NOT HAPPY WITH THAT LANGUAGE, WHICH DOES NOT SPECIFY THAT PAYMENTS WOULD CEASE IF MFN IS NOT GRANTED BY CERTAIN TIME.

2. ZANTOVSKY SAID THAT HE IS FULLY AWARE OF CONSIDERATIONS AFFECTING FUTURE GRANT OF MFN TO CZECHOSLOVAKIA AND OF ADMINISTRATION'S POSITION ON MFN. HE ADDED THAT CZECHS ARE PREPARED TO WAIT, AND TO WORK TO EXPAND TRADE IN MEANTIME. HE NOTED ALSO THAT CZECHS HAD PROPOSED COMMERCIAL TALKS AS DISTINCT FROM FINANCIAL NEGOTIATIONS.

3. WHILE CZECHS SEEM ANXIOUS NOT TO MAKE ISSUE OF CONNECTION BETWEEN CLAIMS PAYMENTS AND MFN, THEY UNDOUBTEDLY WOULD EXPECT CONFIDENTIAL

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AN ARRANGEMENT NO LESS FAVORABLE THAN THAT GRANTED HUNGARIANS.

IN ABSENCE OF INSTRUCTIONS IN REACTION TO CZECH DRAFT, WE
PLAN TO PERSIST IN REJECTION OF ITS TERMS. WE WILL, HOWEVER,
STOP SHORT OF TAKING POSITION WHICH WOULD REJECT HUNGARIAN-
TYPE ARRANGEMENT WITHOUT EXPLICITLY INDICATING FOR TIME
BEING THAT IT IS AVAILABLE.

WORTZEL

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NNN

Message Attributes

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